Manitoba

Annual Report 1989

Manitoba Municipal Employees Benefits Board

Manitoba

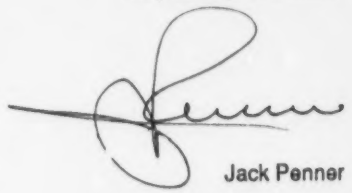
Minister of
Rural Development

His Honour George Johnson
Lieutenant Governor of Manitoba

May it Please Your Honour:

As Minister responsible I have the privilege of presenting for the information of Your Honour the Thirteenth Annual Report of the Municipal Employees Benefits Board for the calendar year ended December 31, 1989.

Respectfully submitted,



Jack Penner

92-07524/

Manitoba

Municipal Employees Benefits Board

308 - 131 Provencher Blvd.
Winnipeg, Manitoba, CANADA
R2H 0G2

(204) 237-6574
Toll Free: 1-800-432-1908

Honourable Jack Penner
Minister of Rural Development
330 Legislative Building
Winnipeg, Manitoba
R3C 0V8

Sir:

I have the honour of presenting to you the Thirteenth Annual Report of the Municipal Employees Benefits Board. The Report summarizes the activities of the Board in the 1989 calendar year and details the status of the pension, disability and group insurance programs.

Audited financial statements, submitted as required by the Provincial Auditor, are appended to the Report.

These statements reveal the financial strength and administrative soundness of the Municipal Employees Benefits Fund and indicate municipal and quasi-municipal participants can continue to receive and expect to receive retirement, disability and insurance benefits as promised. Board members and the Board's supporting administrative staff are to be commended for their devotion, diligence and dedication in providing municipal employees with a financially secure benefits package.

Respectfully submitted,

G. D. Forrest
Chairman

Table of Contents

TITLE	PAGE
Report of the Board	4
Municipal Employees Benefits Board	5
Report Highlights	6
10 Year Comparative Statistics	6
10 Year Fund Assets	7
Employees By Year	7
Pensioners By Year	8
Municipal Employees Benefits Program	9
Pension Plan Activities	9
Pension and Disability Pension Income	9
Disbursement of Income	10
Participation	10
Pension Benefits	11
Cost-of-Living Adjustment in Pensions	12
Pension Refunds	12
Prior Employment Recognition	12
Reciprocal Pension Agreements – Other Jurisdictions	13
Reciprocal Pension Agreements – Manitoba Transfers	13
Disability Pension Part of the Plan	14
Group Life Insurance Plan	14
Municipal Employees Benefits Board Information Services	15
Report on Changes In Status	16
Actuarial Studies	17
Pension Plan Benefit Improvements Financed Out of Actuarial Surplus	17
Investments	18
Appendix 1 Report of the Provincial Auditor's Office and Financial Statements	

Report of the Board

This 13th Annual Report reviews and highlights the administrative and investment activities of the Municipal Employees Benefits Board for the calendar year 1989.

The Municipal Employees Benefits Board was established under subsection 179.12(1) of the Municipal Act in 1975.

The Board is appointed by the Lieutenant Governor in Council and is comprised of 2 employee representatives, 2 employer representatives and a chairman.

The Board is responsible for the administration of the provisions of the benefit plans established in accordance with the Municipal Act to provide benefits for employees of participating municipalities and quasi-municipal employers in Manitoba. Some of the required administrative and support services are provided by the staff of the Civil Service Superannuation Board.

As Trustees of the Municipal Employee Benefits Fund, the Board also has fiduciary responsibilities for ensuring that investments are made on the direction of the Investment Committee which is a sub-committee of the Board.

The Board operates within the guidelines, regulations and legislation contained in The Pension Benefits Act of Manitoba, which is an Act legislated to provide conformity and regulation of all pension plans administered in the Province of Manitoba.

The Board is responsible for administering the Pension Plan which involves collecting employer pension contributions and pension contributions deducted from employees by participating employers, investing and monitoring investments, paying refunds and other benefits on termination, negotiating reciprocal agreements to provide portability of pensions, paying pensions on retirement, counselling employees (including spouses), providing informational and pre-retirement seminars, providing annual benefit statements, preparing brochures outlining the benefits, newsletters, financial statements and an annual report.

The Board also administers the Group Life Insurance Plan which provides group life insurance and accidental death and dismemberment insurance to participating employees. Effective January 1, 1990, voluntary and dependents' life insurance will be added to the Group Insurance Plan. The Board collects insurance contributions on behalf of the Constellation Assurance Company (administrator for the insurance carrier – Prudential Assurance), pays the necessary premiums, pre-audits all insurance claims, prepares explanatory literature, provides informational counselling and invests the experience refunds which are held in a trust insurance fund. The Insurance Fund proceeds are used to subsidize post-retirement declining insurance benefits, to pay waiver of contribution benefits on disability, and to stabilize the premium rate.

In June, 1981, the Board began to administer the Disability Pension Part of the Plan which provides long term disability benefits to disabled employees who qualify. The Board collects employee and employer contributions, processes applications for disability benefits, pays disability pensions, prepares explanatory literature and provides counselling to disabled employees.

It is a pleasure to acknowledge the contributions many municipal and quasi-municipal employers made to facilitate the administrative functions of the Board. As well, support staff of the Board deserve warm recognition for ther dedication and conscientious service to the Board, and through it, to municipalities, and municipal and quasi-municipal employees who are participating in the Benefits Program.

THE MUNICIPAL EMPLOYEES
BENEFITS BOARD

Municipal Employees Benefits Board

Chairman

Gerald D. Forrest
Chairman, Municipal Employees Benefits Board
Deputy Minister, Rural Development
Winnipeg

Employer Representatives

Elmer Greenslade
City of Portage la Prairie
Representative, Manitoba Association of Urban Municipalities

Dave Harms, Reeve
R.M. of Pembina
Representative, Union of Manitoba Municipalities

Employee Representatives

Tom Clark, Vice Chairman
Municipal Employees Benefits Board
C.U.P.E. Winnipeg

Frank Woodmass
City Treasurer
City of Brandon

General Manager

Walter Worosz
General Manager, Municipal Employees Benefits Board
General Manager, Civil Service Superannuation Board
Winnipeg

Staff

Rose Neufeld, Benefits Manager
Diane Ell, Benefits Coordinator
Lori Hill
Maureen Friesen
Kay Bakker
Elaine Graham

Consulting Actuary

John A. Turnbull, F.S.A., F.C.I.A.

Report Highlights

Municipal Employees Benefits Program
10 Year Comparative Statistics

	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Pension Part of the Pension Plan	$72,408,502	$61,779,665	$52,937,614	$44,686,298	$37,424,278	$30,664,513	$24,118,484	$18,844,437	$14,463,759	$10,879,864
Book Value of Investments	$ 6,962,375	$ 5,854,255	$ 4,865,009	$ 4,386,506	$ 3,801,031	$ 3,035,670	$ 2,408,185	$ 1,855,946	$ 1,333,579	$ 895,796
Investment Income	$ 2,488,178	$ 2,359,386	$ 2,195,107	$ 2,015,289	$ 1,886,540	$ 1,753,556	$ 1,650,763	$ 1,521,516	$ 1,262,233	$ 1,032,653
Employee Contributions	$ 36,068	$ 12,574	$ 21,524	$ 12,149	$ 10,364	$ 13,869	$ 16,731	$ 20,567	$ 124,195	$ 92,764
Employee Prior Service Contributions	$ 2,488,419	$ 2,359,718	$ 2,192,325	$ 2,015,316	$ 1,886,783	$ 1,753,857	$ 1,648,621	$ 1,520,819	$ 1,263,296	$ 1,032,715
Pension Payments	$ 1,162,462	$ 1,000,740	$ 822,243	$ 710,448	$ 559,207	$ 445,218	$ 373,014	$ 245,619	$ 140,443	$ 82,845
Refund of Contributions and Interest	$ 534,336	$ 478,316	$ 388,096	$ 360,402	$ 426,179	$ 244,851	$ 182,903	$ 174,019	$ 283,296	$ 183,496
Reciprocal Agreement – Transfers In	$ 76,296	—	$ 33,680	$ 46,325	$ 17,448	$ 34,811	—	—	—	—
Reciprocal Agreement – Transfers Out	$ 17,864	$ 27,525	—	$ 37,647	$ 29,779	$ 45,822	$ 16,340	$ 58,797	—	—
General Expenses	$ 302,841	$ 260,024	$ 213,773	$ 179,956	$ 142,818	$ 113,343	$ 120,698	$ 102,078	$ 120,382	$ 103,557
Participants in Fund	2,404	2,361	2,246	2,120	1,973	1,840	1,807	1,797	1,703	1,518
Employers Participating	269	267	265	260	257	247	243	241	238	236
Pensioners and Other Recipients	387	346	295	260	215	186	155	121	81	71
Terminated Employees	110	95	100	82	110	91	65	109	183	138
Disability Part of the Pension Plan										
Employee Contributions	$ 188,196	$ 179,877	$ 164,162	$ 150,141	$ 142,311	$ 130,666	$ 117,978	$ 105,918	$ 49,415	
Employer Contributions	$ 202,866	$ 192,563	$ 176,944	$ 156,053	$ 140,830	$ 130,097	$ 115,978	$ 100,427	$ 46,502	
Pension Payments	$ 91,836	$ 231,643	$ 166,974	$ 222,279	$ 115,329	$ 55,135	$ 44,575	$ 15,929	—	
Refund of Contributions and Interest	$ 17,104	$ 11,121	$ 12,166	$ 11,915	$ 18,463	$ 9,222	$ 7,193	$ 2,853	—	
Employers Participating	216	212	205	199	193	189	185	182	174	
Employers in Receipt of Disability Benefits	43	44	36	39	27	12	7	4	1	
Group Life Insurance Plan										
Employee Contributions	$ 222,113	$ 215,831	$ 203,804	$ 187,604	$ 174,766	$ 161,914	$ 149,306	$ 134,791	$ 97,039	$ 65,286
Employer Contributions	$ 200,522	$ 193,497	$ 180,762	$ 162,947	$ 151,077	$ 138,209	$ 128,015	$ 115,191	$ 80,579	$ 51,580
Death Claims	$ 249,750	$ 242,000	$ 290,341	$ 281,250	$ 42,000	$ 184,500	$ 128,170	$ 224,803	$ 142,000	$ 137,618
Employers Participating	229	225	221	217	212	206	203	201	199	196

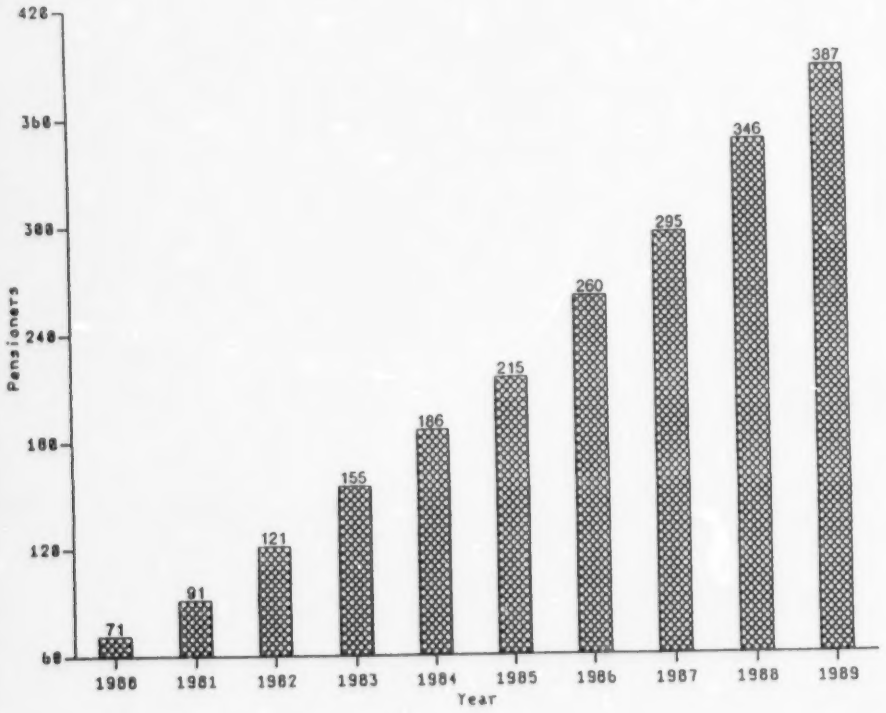
Report Highlights (continued)

10 Year Fund Assets

Employees by Year

Report Highlights (continued)

Pensioners by Year



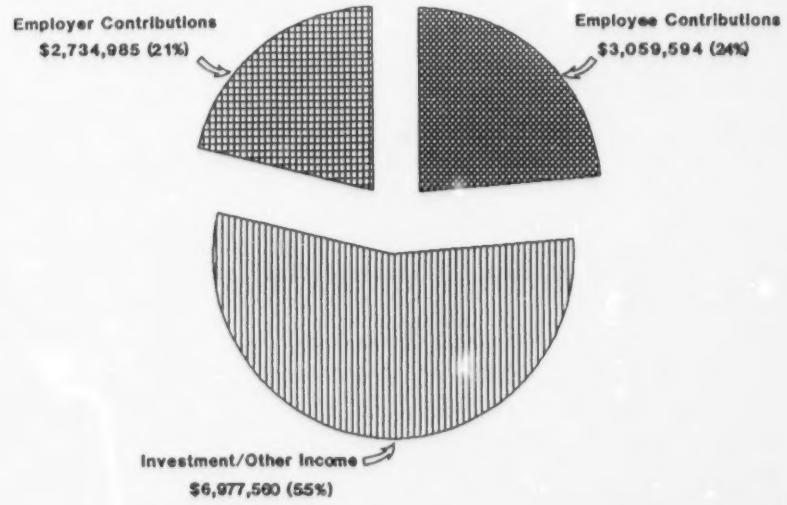
Municipal Employees Benefits Program

Pension Plan Activities

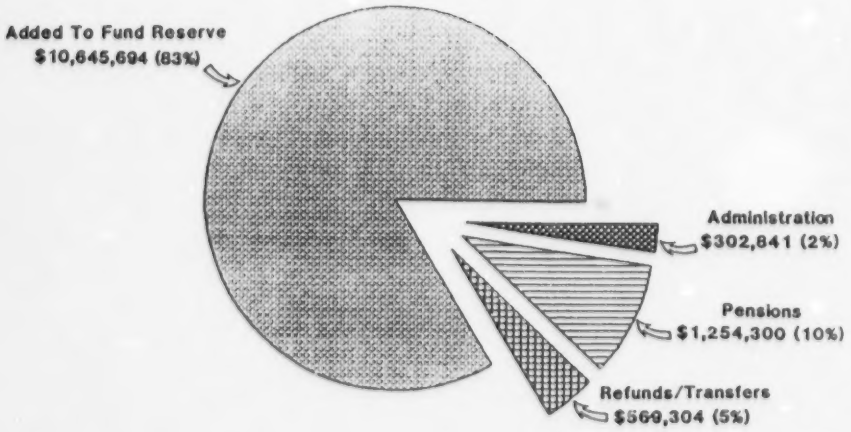
Pension Plan activities in 1989 compared with 1988 are displayed as follows:

	1989	1988	Increase (Decrease)
Book Value of Investments	$72,409,502	$61,779,665	$10,629,837
Investment Income	$ 6,962,375	$ 5,854,255	$ 1,108,120
Employee Contributions	$ 2,488,176	$ 2,359,398	$ 128,778
Employee Prior Service Payments	$ 36,068	$ 12,574	$ 23,494
Employer Contributions	$ 2,488,419	$ 2,359,718	$ 128,701
Pension Payments	$ 1,162,462	$ 1,000,740	$ 161,722
Refund of Contributions and Interest	$ 534,336	$ 478,316	$ 56,020
Reciprocal Agreement			
Employee and Employer Contributions and Interest			
– Transfers In	$ 76,296	$ –	$ 76,296
– Transfers Out	$ 17,864	$ 27,525	$ (9,661)
General Expenses	$ 302,841	$ 260,024	$ 42,817
Participants in Fund	2,404	2,361	43
Employers Participating	269	267	2
Pensioners and Other Recipients	387	346	41
Terminated Employees	110	95	15

Pension and Disability Pension Income



Disbursement of Pension and Disability Income



Participation

In 1989, the following employers began participating:

Morris-Montcalm Weed Control District
Blanshard-Hamiota-Miniota-Woodworth Weed Control District

As at December 31, 1989, 195 municipalities plus 74 quasi-municipal organizations were participating in the Pension Plan. Participating municipalities with contributing members are listed in Appendix 1, The Report of the Provincial Auditor.

In 1989, 216 employees joined the Plan, bringing the total participants to 2,404. (This figure includes 18 members who were advised to remain in prior pension plans but who contribute to the Disability Pension Part of the Plan.)

Pension Benefits

In 1989, pensions paid totalled $1,162,462, a net increase of $161,722 over 1988.

As at December 31, 1989, pensions were payable to 341 pensioners, 23 beneficiaries, and 23 spouses of employees who died in service. In 1989, 1 employee died in service and the spouse is receiving a lifetime annuity, guaranteed for 10 years. There were 43 new retirements in 1989, and 2 Disability Pensions granted under the Pension Part of the Plan. New retirees elected the following pension options:

Pension reducing to two-thirds at pensioner's death	23
Pension reducing to one-half at pensioner's death	2
10 Year Guarantee	1
15 Year Guarantee	2
Lifetime*	15
Total	43

*NOTE: The majority of pensioners who elected the lifetime pension were either female, single or had small pensions due to short service.

An amendment to the Pension Benefits Act effective January 1, 1984 requires that employees who at the time of retirement have a spouse must select a joint form of pension that at the death of the pensioner provides two-thirds of the pension to the spouse for life. This compulsory form of pension may be waived if the employee's spouse completes a spousal waiver form.

Since 1981, the Municipal Employees Benefits Board has extended to employees who elect to retire early the option of "integrating" their MEBB pension and receiving advances on their Old Age Security and/or Canada Pension. In 1989, 14 retirees chose to integrate.

As at December 31, 1989 there were 83 members with paid-up or deferred pensions.

Cost-of-Living Adjustment in Pensions

Cost-of-living adjustments have been paid since 1981 and the adjustment date was changed from July to January in 1988. Effective January 1, 1989, a cost-of-living adjustment was paid to eligible pensioners and beneficiaries whose deceased spouses retired prior to July 1, 1987. Cost-of-living adjustments equalling 50% of the increase in the Consumer Price Index for the 12 months ending July 1, 1988 or 1.96%, were paid. Each employee entitled to the full increase received 24¢ per month for each year of contributory service to a maximum of 35 years plus .98% of the ordinary lifetime pension.

Beneficiaries receive two-thirds of the increase which would have been paid had the retired employee been alive at the date of increase.

Pension Refunds

In 1989, refunds totalling $569,304 were paid. This included refunds of pension contributions and interest, disability pension contributions and interest, plus excess employee contributions and interest (50% test)*. These refunds are divided as follows:

	Number of Employees	Amount of Payment
Terminated Employees – full refund	110	$380,542
Terminated Employees – combination refund and paid-up pension	7	25,754
Transfer out re: marriage breakup	5	40,404
Refund to estates of deceased employees	5	82,506
Transfer out under reciprocal agreement	4	17,864
Refund of excess on retirement	5	909
Refund of unused contributions of deceased pensioners	3	19,853
Refund of overpayments	5	1,472
		$569,304

*NOTE: If the accumulated employee contributions for the benefit after January 1, 1985 have a value in excess of 50% of the present value of the benefits, the excess must be refunded to the employee or used to provide additional benefits.

Prior Employment Recognition

Up to the end of 1981, the Municipal Employees Benefits Board allowed the purchase of prior service benefits by employees who were employed by municipalities or quasi-municipal organizations prior to the introdution of the MEBB Pension Plan in 1976. When a new employer joins the Plan the existing employees are also given the opportunity to purchase prior service benefits if they elect to do so within 3 months of the employer's effective date of participation. In 1989, the Board received payments from 8 employees who had elected to obtain credit for prior non-contributory service. These payments totalled $37,163 in 1989.

Reciprocal Pension Agreements – Other Jurisdictions

Reciprocal agreements permitting the transfer of pension credits between MEBB and the following pension plan authorities were in effect on December 31, 1989:

Alberta Local Authorities Pension Board
Saskatchewan Municipal Employees Superannuation Commission
Ontario Municipal Employees Retirement Board (OMERS)
Government of Canada – Public Service Pension Plan

	Transfers to MEBB in 1989		Transfers from MEBB in 1989	
	Number	Amount	Number	Amount
Alberta Local Authorities	1	$12,802	–	–
Government of Canada	2	$63,494	3	$12,962
OMERS	–	–	1	$ 4,902
		$76,296		$17,864

Reciprocal Pension Agreements – Manitoba Transfers

At 1989 year end, 24 employees whose contributions remain in the MEBB Plan had transferred to the Manitoba Civil Service Superannuation Plan, 2 to the City of Winnipeg, and 3 are transferring to the Manitoba Health Organization. Pensions paid to these employees at retirement will be based on the best 6 years earnings out of the last 12 years with the new employer and/or municipal employer.

Disability Pension Part of the Plan

The Disability Pension Part of the Plan came into being on June 1, 1981. Activities in 1989 compared with 1988 are as follows:

Disability Pension Part of the Plan	1989	1988	Increase (Decrease)
Employee Contributions	$189,198	$179,877	$ 9,321
Employer Contributions	$202,868	$192,563	$ 10,305
Pension Payments	$ 91,838*	$231,643	$(139,805)
Refund of Contributions and Interest	$ 17,104	$ 11,121	$ 5,983
Employers Participating	218	212	6
Employees in Receipt of Disability Benefits	43	44	(1)

*The actual amount paid out as disability pension payments was $230,034. The above amount has been reduced by the recovery of disability pensions payable under prior plans.

Effective January 1, 1989, a cost-of-living adjustment was paid to all employees in receipt of disability benefits under the Disability Pension Part of the Plan. This adjustment amounted to 50% of the increase in the Consumer Price Index for the 12 months ending July 1, 1988, or 1.96%.

Group Life Insurance Plan

At 1989 year end, 165 municipalities plus 64 quasi-municipal corporations participated in the group life insurance program. Activities in 1989 compared with 1988 are as follows:

Group Life Insurance Plan	1989	1988	Increase (Decrease)
Employee Contributions	$222,113	$215,831	$ 6,282
Employer Contributions	$200,532	$193,497	$ 7,035
Death Claims	$249,750	$242,000	$ 7,750
Employers Participating	229	225	4

Municipal Employees Benefits Board Information Services

Board staff members are available to answer inquiries or meet individually with any employee (and spouse, family, etc.) who wishes information and assistance on termination, retirement planning or other matters of concerns. During 1989, many municipal employees and spouses took advantage of this information and counselling service.

In 1989, the Municipal Employees Benefits Board conducted 2 informational seminars and 2 day-long pre-retirement counselling seminars. Staff attended the Manitoba Municipal Administrators Association district meetings in the autumn of 1989 to inform them of additional insurance benefits being offered January 1, 1990.

An Annual Employee Benefits Statement detailing plan member's status, contributions, contributory service, current and projected pension benefits, and the amount of group insurance coverage was distributed to each member. Members were also sent a copy of the Annual Report.

Report on Changes in Status – Participants

For the year ended December 31, 1989

MALES

Age Group	Entered	Withdrew	Died	Retired	Participants at Dec. 31, 1989
-19					1
20-24	22	4			48
25-29	34	19			187
30-34	29	14			275
35-39	20	16			291
40-44	17	11	1		252
45-49	10	6			203
50-54	8	3		1	219
55-59	8	1	2	9	175
60-	4	8	3	26	168
	152	82	6	36	1818

FEMALES

Age Group	Entered	Withdrew	Died	Retired	Participants Dec. 31, 1989
-19	2				2
20-24	14	3			38
25-29	13	15			96
30-34	12	7			94
35-39	13	6			101
40-44	6	6			82
45-49	3	2			82
50-54	1	1			48
55-59				3	25
60-				6	17
	64	40		9	586
Totals	**216**	**122**	**6**	**45**	**2404**

Actuarial Studies

Pension Plan Benefit Improvements Financed Out of Actuarial Surplus

The January 1, 1989 Actuarial Report disclosed a surplus of $2,926,085 based on the service to date valuation method. The Board has requested its actuary to determine the cost of alternative pension plan improvements that can be financed out of the existing surplus.

The Board used a portion of the surplus disclosed in 1986 to finance the following improvements in benefits effective July 1, 1987:

(1) The early retirement reduction was lowered from 1/8 of 1% to 1/16 of 1% for each month that an employee retires prior to attaining age 60. The actuarial cost of this benefit was $62,900.

(2) The pension formula was improved by reducing from 7 to 6, the numbers of years used in calculating a member's final average earnings. The cost of this benefit was $1,012,900.

The remainder of the surplus remained in the Fund as a reserve for future contingencies.

Investments

The following comparative table illustrates investments held in trust by the Municipal Employees Benefits Board as of December 31, 1989.

Investment Holdings	1989 ($000)	1988 ($000)	Increase (Decrease) ($000)
Bonds:			
Federals and Provincials	6,948	3,922	3,026
City and Municipal	1,085	627	458
Corporate	14,382	9,774	4,608
Fixed Income Component			
Balanced Funds	4,152	–	4,152
Pooled Bond Funds	1,266	6,362	(5,096)
Calendar Year Funds	2,200	2,597	(397)
	30,033	23,282	6,751
Mortgages:			
CMHC Insured	4,638	2,217	2,421
Pooled Mortgage Funds	21,494	18,444	3,050
	26,132	20,661	5,471
Short Term Certificates	4,126	6,025	(1,899)
Equities			
Equity Component			
Balanced Funds	5,076	–	5,076
Common Stock	3	4,185	(4,182)
Petroleum & Natural Gas Interests	1,235	942	293
	6,314	5,127	1,187
Real Estate	7,162	5,933	1,229
Total	73,767	61,028	12,739

NOTE: The average yield on new bonds purchased in 1989 was 10.38%.

Appendix 1

Manitoba

The Municipal Employee Benefits Fund

Report of the Provincial Auditor's Office

We have examined the financial statements, being Exhibits A to H and Schedules 1 to 4, of The Municipal Employee Benefits Fund for the fiscal year ended December 31, 1989. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Fund as at December 31, 1989 and the results of its operation for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

F. H. Jackson, CA,
Provincial Auditor.

May 10, 1990,
Winnipeg, Manitoba.

Exhibit A
The Municipal Employee Benefits Fund

Balance Sheet – Pension Fund

as at December 31, 1989

	1989	1988
ASSETS		
Cash	$ 20,502	$ 8,332
Employees' and employers' contributions receivable	558,126	519,720
Investments, Schedule 1, Note 2(a)	72,409,502	61,779,665
Accrued investment income	772,853	537,820
Computer Equipment and programs, Note 2(d)	22,240	12,677
	$73,783,223	$62,858,214
LIABILITIES		
Accounts payable	$ 133,296	$ 23,315
Money Purchase Accounts Plan, Exhibit H, Note 9	55,472	34,406
Provision for investment losses, Exhibit E, Note 2(b)	791,834	643,566
Pension indexing adjustment account, Exhibit F, Note 5	4,058,269	3,679,373
Long Term Disability indexing adjustment account, Exhibit G, Note 6	1,132,746	1,018,669
Reserve for present and future pension benefits, Exhibit C	67,611,606	57,458,885
	$73,783,223	$62,858,214

Exhibit B
The Municipal Employee Benefits Fund

Balance Sheet – Insurance Fund

as at December 31, 1989

	1989	1988
ASSETS		
Cash	$ 28,915	$ 39,641
Employees' and employers' contributions accrued, Note 2(f)	40,919	33,031
Funds on deposit with The Prudential Assurance Company Limited	140,560	133,074
Term deposits	800,715	600,000
Accrued interest	19,002	11,891
	$1,030,111	$ 817,637
LIABILITIES		
Accounts payable	$ 27	$ 3,515
Insurance contributions account, Note 2(f)	42,913	34,501
Reserve for present and future insurance benefits, Exhibit D	987,171	779,621
	$1,030,111	$ 817,637

Exhibit C
The Municipal Employee Benefits Fund

Statement of Changes in the Reserve for Present and Future Pension Benefits

for the year ended December 31, 1989

	1989	1988
Additions:		
Employers' and employees' contributions, Schedule 2	$ 5,794,579	$ 5,135,910
Investment income, net, Schedule 3	6,962,375	5,854,255
Bank and other interest	15,185	8,845
Total additions	12,772,139	10,999,010
Deductions:		
Pension – regular	1,162,462	1,000,740
– long term disability, net	91,838	231,643
Refunds of contributions and interest, Note 2(c)	551,440	489,437
Payments of contributions and interest to other pension plans	17,864	27,525
Administrative expenses, Schedule 4, Note 4	302,841	260,024
Total deductions	2,126,445	2,009,369
Net increase for the year	$10,645,694	$ 8,989,641

Changes in the Reserve for Present and Future Pension Benefits

Balance at beginning of year	$57,458,885	$49,861,295
Net increase for the year	10,645,694	8,989,641
Net transfer to pension indexing adjustment account, Exhibit F	(378,896)	(373,382)
Net transfer to Long Term Disability indexing adjustment account, Exhibit G	(114,077)	(1,018,669)
Balance at end of year, Exhibit A	$67,611,606	$57,458,885

Exhibit D
The Municipal Employee Benefits Fund

Statement of Changes in the Reserve for Present and Future Insurance Benefits

for the year ended December 31, 1989

	1989	1988
Additions:		
Contributions:		
Employees	$222,113	$215,831
Employers	200,532	193,497
Total contributions	422,645	409,328
Interest income	88,803	54,297
Increase in experience surplus held by the Prudential Assurance Company Limited, Note 8(a)	7,486	1,941
Insurance experience refund, Note 8(a)	44,883	–
Total additions	563,817	465,566
Deductions:		
Actuarial fees	14,304	17,952
Miscellaneous	256	–
Premiums to The Prudential Assurance Company Limited	341,707	328,088
Total deductions	356,267	346,040
Net increase for the year	$207,550	$119,526

Changes in the Reserve for Present and Future Insurance Benefits

Balance at beginning of year	$779,621	$660,095
Net increase for the year	207,550	119,526
Balance at end of year, Exhibit B	$987,171	$779,621

Exhibit E
The Municipal Employee Benefits Fund

Statement of Changes in the Provision for Investment Losses

for the year ended December 31, 1989

	1989	1988
Additions:		
Transfer from investment income, Schedule 3	$148,268	$124,094
Balance at beginning of year	643,566	519,472
Balance at end of year, Exhibit A	$791,834	$643,566

Exhibit F
The Municipal Employee Benefits Fund

Statement of Changes in the Pension Indexing Adjustment Account

for the year ended December 31, 1989

	1989	1988
Additions:		
Interest	$441,228	$418,623
Deductions:		
Charge for pension cost-of-living adjustments	62,332	45,242
Net transfer from reserve for present and future pension benefits, Exhibit C, Note 5	378,896	373,381
Balance at beginning of year	3,679,373	3,305,992
Balance at end of year, Exhibit A	$4,058,269	$3,679,373

Exhibit G
The Municipal Employee Benefits Fund

Statement of Changes in the Long Term Disability (LTD) Indexing Adjustment Account

for the year ended December 31, 1989

	1989	1988
Additions:		
Initial transfer to establish the LTD indexing adjustment account	$ –	$ 911,200
Interest	122,622	115,616
Total additions	122,622	1,026,816
Deductions:		
Charge for LTD cost-of-living adjustments	8,545	8,147
Net transfer from reserve for present and future LTD benefits, Exhibit C, Note 6	114,077	1,018,669
Balance at beginning of year	1,018,669	–
Balance at end of year, Exhibit A	$1,132,746	$1,018,669

Exhibit H
The Municipal Employee Benefits Fund

Statement of Money Purchase Accounts Plan

for the year ended December 31, 1989

	1989	1988
Additions:		
Deposits	$21,462	$15,261
Interest	5,196	2,611
	$26,658	$17,872
Deductions:		
Refund of deposits	5,278	3,698
Administration fees charged by The Municipal Employees Benefits Board	314	327
	5,592	4,025
Increase for the year	21,066	13,847
Balance at beginning of year	34,406	20,559
Balance at end of year, Exhibit A	$55,472	$34,406

Schedule 1
The Municipal Employee Benefits Fund

Summary of Investments

as at December 31, 1989

	Par Value	1989 Book Value	1988 Book Value
Fixed income investments:			
Term deposits	$ 4,125,475	$ 4,125,475	$ 6,024,892
Bonds and debentures:			
Government of Canada	$ 2,650,000	$ 2,653,347	$ 2,688,939
Province of Newfoundland	500,000	500,000	–
Province of Ontario	3,500,000	3,545,013	983,141
Province of Saskatchewan	250,000	250,000	250,000
Hospitals	250,000	250,000	250,000
Municipal Corporations	843,000	834,667	377,000
Corporations	14,466,900	14,382,325	9,773,897
	$22,459,900	$22,415,352	$14,322,977
Fixed Income Component Balanced Funds (Includes short term)		4,152,507	–
Pooled bond funds		1,266,339	6,361,937
Calendar year funds		2,200,572	2,597,355
		30,034,770	23,282,269
Mortgages – National Housing Act (Canada)	$ 4,962,373	$ 4,637,782	$ 2,216,477
Pooled mortgage funds		21,493,608	18,444,451
		26,131,390	20,660,928
Unamortized net gains on disposition		(984,228)	(330,527)
Total fixed income investments at amortized cost, Note 2(a)(i)		59,307,407	49,637,562
Equity investments:			
Pooled equity funds		–	4,181,938
Equity Component Balanced Funds		5,075,642	–
Petroleum and natural gas investments, shares		1,234,850	942,125
Real estate			
Units of pooled real estate		7,161,969	5,933,405
Pooled Common stock		3,000	3,000
Unamortized (gains) losses on disposition		(888,896)	100,051
Unrealized appraisal adjustments		515,530	981,584
Total equity investments, Note 2(a)(ii)		13,102,095	12,142,103
Total investments, Exhibit A		$72,409,502	$61,779,665

Schedule 2
Page 1
The Municipal Employee Benefits Fund

Statement of Pension Contributions

for the year ended December 31, 1989

Municipal corporations	1989 Employers' contributions	1989 Employees' contributions	1989 Total	1988 Total
Cities				
Brandon	$561,906	$561,906	$1,123,812	$1,092,656
Flin Flon	71,853	71,853	143,706	129,104
Portage la Prairie	93,950	93,950	187,900	165,610
Thompson	167,228	167,228	334,456	333,340
	894,937	894,937	1,789,874	1,720,710
Local government districts				
Alexander	5,824	5,824	11,648	10,500
Alonsa	2,837	2,837	5,674	3,054
Armstrong	550	550	1,100	1,542
Churchill	48,745	48,745	97,490	90,832
Consol	1,413	1,413	2,826	2,710
Fisher	4,930	4,930	9,860	7,960
Gillam	35,602	35,602	71,204	73,704
Grahamdale	691	691	1,382	1,478
Grand Rapids	5,186	5,186	10,372	9,754
Lynn Lake	16,461	16,461	32,922	27,466
Mountain	2,946	2,946	5,892	3,816
Mystery Lake	16,079	16,079	32,158	25,002
Park	1,183	1,183	2,366	697
Pinawa	19,431	19,431	38,862	39,812
Piney	340	340	680	–
Reynolds	1,162	1,139	2,301	2,260
	163,380	163,357	326,737	300,587
Rural municipalities				
Albert	1,759	1,759	3,518	3,216
Argyle	4,885	4,858	9,743	8,758
Arthur	2,527	2,527	5,054	5,754
Bifrost	4,826	4,826	9,652	10,330
Birtle	4,123	4,123	8,246	6,576
Blanshard	3,595	3,595	7,190	6,468
Brenda	6,345	6,345	12,690	12,070
Brokenhead	6,726	6,726	13,452	9,798
Cameron	3,443	3,443	6,886	6,316
Subtotal, carried forward	$ 38,229	$ 38,202	$ 76,431	$ 69,286

Schedule 2
Page 2
The Municipal Employee Benefits Fund

Statement of Pension Contributions

for the year ended December 31, 1989

Municipal corporations	1989 Employers' contributions	1989 Employees' contributions	1989 Total	1988 Total
Subtotal, brought forward	$38,229	$38,202	$76,431	$69,286
Rural municipalities (cont.)				
Cartier	8,863	8,863	17,726	15,070
Clanwilliam	1,741	1,741	3,482	3,588
Coldwell	2,846	2,848	5,694	5,888
Cornwallis	2,729	2,729	5,458	8,098
Daly	2,963	2,963	5,926	4,932
Dauphin	11,120	11,120	22,240	18,271
De Salaberry	9,179	9,179	18,358	17,338
Dufferin	8,067	8,067	16,134	16,918
East St. Paul	17,669	17,669	35,338	29,816
Edward	6,071	6,071	12,142	12,664
Ellice	1,888	1,888	3,776	3,592
Elton	3,121	3,221	6,342	6,616
Eriksdale	2,222	2,222	4,444	4,210
Ethelbert	462	462	924	660
Franklin	9,931	9,931	19,862	16,716
Gilbert Plains	5,573	5,573	11,146	9,338
Gimli	8,553	8,553	17,106	15,978
Glenella	1,775	1,775	3,550	3,270
Glenwood	2,217	2,217	4,434	4,113
Grandview	6,071	6,071	12,142	13,804
Grey	8,013	8,013	16,026	14,936
Hamiota	2,626	2,626	5,252	6,602
Hanover	13,352	13,352	26,704	25,620
Harrison	2,927	2,927	5,854	5,638
Hillsburg	2,863	2,863	5,726	5,484
La Broquerie	6,667	6,667	13,334	11,548
Lac du Bonnet	12,995	12,995	25,990	18,880
Lakeview	1,933	1,933	3,866	3,750
Langford	3,461	3,461	6,922	6,670
Lansdowne	3,697	3,697	7,394	7,292
Lawrence	3,823	3,823	7,646	8,254
Lorne	6,294	6,294	12,588	10,330
Louise	4,755	4,755	9,510	7,080
Macdonald	17,652	17,652	35,304	31,200
McCreary	2,068	2,068	4,136	3,792
Miniota	4,858	4,858	9,716	9,602
Minitonas	4,644	4,644	9,288	8,690
Minto	2,694	2,694	5,388	7,346
Subtotal, carried forward	$256,612	$256,687	$513,299	$472,880

Schedule 2
Page 3
The Municipal Employee Benefits Fund

Statement of Pension Contributions

for the year ended December 31, 1989

Municipal corporations	1989 Employers' contributions	1989 Employees' contributions	1989 Total	1988 Total
Subtotal, brought forward	$256,612	$256,687	$513,299	$472,880
Rural municipalities (cont.)				
Montcalm	7,343	7,343	14,686	14,420
Morris	15,131	15,131	30,262	28,606
Morton	3,438	3,438	6,876	6,896
Mossey River	3,652	3,652	7,304	6,764
North Cypress	6,448	6,448	12,896	13,420
North Norfolk	8,277	8,277	16,554	16,014
Ochre River	2,951	2,951	5,902	4,710
Odanah	2,074	2,074	4,148	4,168
Pembina	10,388	10,388	20,776	20,318
Pipestone	13,897	13,897	27,794	25,188
Portage la Prairie	27,113	27,113	54,226	54,280
Rhineland	10,885	10,885	21,770	20,852
Ritchot	10,269	10,269	20,538	17,532
Riverside	2,737	2,737	5,474	4,736
Roblin	4,580	4,580	9,160	8,002
Rockwood	9,418	9,418	18,836	18,104
Roland	5,370	5,370	10,740	11,952
Rosedale	5,704	5,704	11,408	10,770
Rosser	5,570	5,570	11,140	10,154
Russell	880	880	1,760	1,496
St. Andrews	19,746	19,746	39,492	33,348
St. Clements	15,796	15,796	31,592	31,080
St. Francois Xavier	1,777	1,777	3,554	2,820
St. Laurent	2,177	2,177	4,354	3,694
Ste. Anne	4,113	4,113	8,226	7,602
Ste. Rose	3,962	3,962	7,924	7,466
Saskatchewan	3,520	3,520	7,040	6,624
Shell River	5,061	5,061	10,122	8,338
Shellmouth	4,594	4,594	9,188	9,480
Shoal Lake	1,826	1,826	3,652	3,272
Sifton	3,429	3,429	6,858	6,632
Siglunes	2,606	2,606	5,212	5,102
Silver Creek	3,043	3,043	6,086	5,416
South Cypress	6,084	6,084	12,168	11,018
South Norfolk	2,822	2,822	5,644	4,876
Springfield	19,469	19,469	38,938	42,302
Subtotal, carried forward	$512,762	$512,837	$1,025,599	$960,332

Schedule 2
Page 4
The Municipal Employee Benefits Fund

Statement of Pension Contributions

for the year ended December 31, 1989

Municipal corporations	1989 Employers' contributions	1989 Employees' contributions	1989 Total	1988 Total
Subtotal, brought forward	$512,762	$512,837	$1,025,599	$ 960,332
Rural municipalities (cont.)				
Stanley	9,504	9,504	19,008	17,064
Strathclair	2,292	2,292	4,584	4,358
Strathcona	4,585	4,585	9,170	8,758
Swan River	8,128	8,128	16,256	11,548
Tache	9,547	9,547	19,094	20,274
Thompson	4,954	4,954	9,908	10,730
Turtle Mountain	2,510	2,510	5,020	5,832
Victoria	4,845	4,845	9,690	9,240
Victoria Beach	6,121	6,121	12,242	9,846
Wallace	6,591	6,591	13,182	11,586
West St. Paul	7,785	7,785	15,570	15,242
Westbourne	8,657	8,657	17,314	15,416
Whitehead	3,025	3,025	6,050	5,774
Whitemouth	4,089	4,089	8,178	6,820
Whitewater	3,370	3,370	6,740	5,160
Winchester	6,309	6,309	12,618	12,088
Woodlands	7,695	7,695	15,390	14,122
Woodworth	4,619	4,619	9,238	8,982
	617,388	617,463	1,234,851	1,153,172
Towns				
Altona	18,388	18,388	36,776	37,840
Beausejour	12,411	12,411	24,822	22,816
Birtle	3,525	3,525	7,050	16 854
Boissevain	5,159	5,159	10,318	10,630
Carberry	5,065	5,065	10,130	9,829
Carman	10,029	10,029	20,058	19,886
Dauphin	60,296	60,296	120,592	114,878
Deloraine	6,336	6,336	12,672	14,870
Emerson	3,202	3,202	6,404	6,160
Gimli	10,206	10,206	20,412	17,068
Gladstone	3,211	3,211	6,422	5,904
Grandview	5,573	5,573	11,146	11,476
Hartney	2,255	2,255	4,510	4,356
Killarney	8,140	8,140	16,280	15,046
Subtotal, carried forward	$ 153,796	$ 153,796	$ 307,592	$ 307,613

Schedule 2
Page 5
The Municipal Employee Benefits Fund

Statement of Pension Contributions

for the year ended December 31, 1989

Municipal corporations	1989 Employers' contributions	1989 Employees' contributions	1989 Total	1988 Total
Subtotal, brought forward	$ 153,796	$ 153,796	$ 307,592	$ 307,613
Towns (cont.)				
Leaf Rapids	17,377	17,377	34,754	33,662
Melita	5,336	5,336	10,672	10,298
Minnedosa	13,580	13,580	27,160	25,848
Morden	28,496	28,496	56,992	52,000
Morris	5,343	5,343	10,686	10,698
Neepawa	18,929	18,929	37,858	41,064
Rapid City	704	704	1,408	1,162
Rivers	4,626	4,626	9,252	9,282
Roblin	10,171	10,171	20,342	18,854
Russell	6,563	6,563	13,126	12,618
Selkirk	63,558	63,558	127,116	128,296
Snow Lake	11,240	11,240	22,480	21,212
Souris	9,206	9,206	18,412	18,338
Steinbach	35,170	35,170	70,340	63,312
Stonewall	10,474	10,474	20,948	21,368
Swan River	26,593	26,593	53,186	47,040
The Pas	47,843	47,843	95,686	88,536
Virden	13,235	13,235	26,470	26,588
Winkler	33,416	33,416	66,832	59,802
Winnipeg Beach	4,513	4,513	9,026	10,776
	520,169	520,169	1,040,338	1,008,367
Villages				
Arborg	5,395	5,395	10,790	8,762
Benito	1,550	1,550	3,100	3,602
Binscarth	1,265	1,265	2,530	5,296
Bowsman	1,647	1,647	3,294	3,094
Cartwright	1,038	1,038	2,076	1,838
Crystal City	2,256	2,256	4,512	4,272
Dunnottar	6,131	6,131	12,262	11,376
Elkhorn	1,874	1,874	3,748	3,512
Erickson	2,285	2,285	4,570	4,092
Gilbert Plains	4,785	4,785	9,570	9,008
Glenboro	2,464	2,464	4,928	4,800
Gretna	1,876	1,876	3,752	3,116
Hamiota	5,596	5,596	11,192	10,638
Subtotal, carried forward	$ 38,162	$ 38,162	$ 76,324	$ 73,406

Schedule 2
Page 6
The Municipal Employee Benefits Fund

Statement of Pension Contributions

for the year ended December 31, 1989

Municipal corporations	1989 Employers' contributions	1989 Employees' contributions	1989 Total	1988 Total
Subtotal, brought forward	$ 38,162	$ 38,162	$ 76,324	$ 73,406
Villages (cont.)				
Lac du Bonnet	4,666	4,666	9,332	7,924
MacGregor	1,715	1,715	3,430	3,358
Manitou	1,958	1,958	3,916	3,570
McCreary	806	806	1,612	1,376
Minitonas	929	929	1,858	1,830
Niverville	5,099	5,099	10,198	8,684
Notre Dame de Lourdes	1,915	1,915	3,830	3,570
Pilot Mound	2,712	2,712	5,424	5,166
Plum Coulee	2,333	2,333	4,666	4,444
Powerview	1,903	1,903	3,806	3,382
Riverton	1,647	1,647	3,294	3,174
St. Claude	2,194	2,194	4,388	4,174
St. Lazare	973	973	1,946	1,942
St. Pierre-Jolys	3,956	3,956	7,912	7,370
Ste. Anne	9,616	9,616	19,232	13,160
Ste. Rose du Lac	2,624	2,624	5,248	4,872
Shoal Lake	2,594	2,594	5,188	4,214
Somerset	1,562	1,562	3,124	2,986
Teulon	2,899	2,899	5,798	5,472
Treherne	4,210	4,210	8,420	8,156
Waskada	837	837	1,674	1,628
Wawanesa	673	673	1,346	1,236
Winnipegosis	3,609	3,609	7,218	6,954
	99,592	99,592	199,184	182,048
Quasi-municipal organizations				
Weed control boards and districts				
Agassiz	1,188	1,188	2,376	2,310
Argyle-Lorne-Somerset	924	924	1,848	1,862
Arthur-Edward	1,100	1,100	2,200	1,954
Brandon-Cornwallis	1,116	1,116	2,232	–
Brenda-Winchester	915	915	1,830	2,024
Blanshard-Hamiota-Miniota-Woodworth	493	493	986	–
Cameron-Sifton	719	719	1,438	1,290
Dauphin-Ochre	1,097	1,097	2,194	1,956
Franklin	1,147	1,147	2,294	2,208
Gilbert Plains-Grandview	869	869	1,738	1,640
Subtotal, carried forward	$ 9,568	$ 9,568	$ 19,136	$ 15,244

Schedule 2
Page 7
The Municipal Employee Benefits Fund

Statement of Pension Contributions

for the year ended December 31, 1989

Municipal organizations	1989 Employers' contributions	1989 Employees' contributions	1989 Total	1988 Total
Subtotal, brought forward	$ 9,568	$ 9,568	$ 19,136	$ 15,244
Weed control boards and districts (cont.)				
Glenboro-South Cypress	1,001	1,001	2,002	1,892
Louise-Roblin	1,034	1,034	2,068	1,936
Macdonald	1,134	1,134	2,268	2,112
Morris-Montcalm	270	270	540	–
North Cypress	1,283	1,283	2,566	2,074
North Norfolk and District	1,327	1,327	2,654	2,452
Pembina-Manitou	1,660	1,660	3,320	3,016
Pipestone-Albert	1,168	1,168	2,336	2,204
Red River	1,133	1,133	2,266	2,200
Rockwood-Rosser	1,237	1,237	2,474	2,288
Rosedale-Langford-Neepawa	836	836	1,672	278
Selkirk	1,301	1,301	2,602	2,506
South Central	1,096	1,096	2,192	2,068
Southeast	1,211	1,211	2,422	2,274
Springfield-Tache	1,357	1,357	2,714	2,572
Stanley-Thompson	968	968	1,936	1,492
Stuartburn-Piney	1,153	1,153	2,306	2,200
Wallace	907	907	1,814	1,738
Westbourne	1,078	1,078	2,156	1,980
Whitemouth-Reynolds	1,079	1,079	2,158	2,070
	31,801	31,801	63,602	54,596
Other				
Alonsa Conservation District	2,020	2,020	4,040	3,040
Boissevain-Morton Regional Library	813	813	1,626	1,560
Boyne Regional Library	992	992	1,984	1,908
Brandon and Area Planning District	9,794	9,794	19,588	16,866
Bren-Del-Win Library	533	533	1,066	1,008
Brokenhead River Planning District	850	850	1,700	1,566
Carberry Plains Cemetery	779	779	1,558	1,220
Carberry Plains Community Centre Board	1,018	1,018	2,036	1,438
Carman-Dufferin Recreation Commission	3,292	3,294	6,586	6,794
Subtotal, carried forward	$ 20,091	$ 20,093	$ 40,184	$ 35, 400

Schedule 2
Page 8
The Municipal Employee Benefits Fund

Statement of Pension Contributions

for the year ended December 31, 1989

Municipal organizations	1989 Employers' contributions	1989 Employees' contributions	1989 Total	1988 Total
Subtotal, brought forward	$ 20,091	$ 20,093	$ 40,184	$ 35,400
Other (cont.)				
Cypress Planning District	370	370	740	806
Dauphin Memorial Community Centre	2,656	2,656	5,312	4,134
Dauphin-Ochre Parks and Recreation Committee	907	907	1,814	1,762
Flin Flon Recreation Commission	11,540	11,540	23,080	22,544
Jolys Regional Library	594	594	1,188	1,142
Leaf Rapids Town Properties	6,385	6,385	12,770	12,646
Lynn Lake Recreation Board	1,502	1,502	3,004	3,520
Manitoba Association of Urban Municipalities	3,345	3,345	6,690	6,116
Minnedosa Regional Library	1,164	1,164	2,328	2,318
Morden-Stanley-Thompson-Winkler Planning District	3,854	3,854	7,708	7,550
Municipal Employees Benefits Board	5,661	5,661	11,322	10,298
Neepawa and Area Planning District	555	555	1,110	1,182
North Cypress-Carberry-Elton Recreation District	1,123	1,123	2,246	1,662
Northern Community Councils	36,063	36,063	72,126	78,532
Parkland Regional Library	6,709	6,709	13,418	12,844
Portage Plains Regional Library	2,747	2,748	5,495	3,822
Reston District Library Board	730	730	1,460	1,376
Selkirk and District Planning Area Board	9,270	8,963	18,233	5,262
South Central Regional Library Board	3,092	3,092	6,184	5,246
South Interlake Planning District Board	3,213	3,213	6,426	5,102
South Interlake Regional Library Board	3,270	3,270	6,540	5,882
South Riding Mountain Planning District	840	840	1,680	2,008
Southwestern Manitoba Regional Library	1,073	1,073	2,146	2,096
St. Malo Arena Board	1,108	1,108	2,216	2,112
Tiger Hills Recreation District	770	770	1,540	552
Turtle Mountain Conservation District	1,642	1,651	3,293	3,634
Subtotal, carried forward	$ 130,274	$ 129,979	$ 260,253	$ 239,548

Schedule 2
Page 9
The Municipal Employee Benefits Fund

Statement of Pension Contributions

for the year ended December 31, 1989

Municipal organizations	1989 Employers' contributions	1989 Employees' contributions	1989 Total	1988 Total
Subtotal, brought forward	$ 130,274	$ 129,979	$ 260,253	$ 239,548
Other (cont.)				
Turtle River Watershed Conservation District #2	5,453	5,453	10,906	14,022
Unincorporated Village District of Cranberry Portage	2,672	2,672	5,344	5,080
Union of Manitoba Municipalities	4,764	4,764	9,528	7,854
Western Manitoba Centennial Auditorium	4,196	4,196	8,392	7,890
Western Manitoba Regional Library Board	7,667	7,667	15,334	13,368
Whitemud Watershed Conservation District #1	5,268	5,268	10,536	10,158
Winnipeg River Planning District	858	858	1,716	1,716
	$ 161,152	$ 160,857	$ 322,009	$ 299,636
Total regular pension contributions	2,488,419	2,488,176	4,976,595	4,719,116
Contributions based on prior non-pensionable employment	3,612	33,551	37,163	17,437
Long term disability pensions	202,868	189,198	392,066	372,440
Receipts from other pension plans re transfer of employee benefits under reciprocal agreements	38,148	38,148	76,296	–
Reinstatement Payments	–	2,517	2,517	–
Transfer from prior carrier, Note 3	–	308,004	308,004	25,430
Interest on outstanding contributions	1,938	–	1,938	1,487
Total pension contributions, Exhibit C	$2,734,985	$3,059,594	$5,794,579	$5,135,910

Schedule 3
The Municipal Employee Benefits Fund

Statement of Investment Income

for the year ended December 31, 1989

	1989	1988
Fixed income, Note 2(a)(i):		
Interest	$5,912,958	$4,870,217
Amortization of discounts and premiums	41,052	19,130
Amortization of net realized gains, Note 2(a)(i)	231,930	54,752
Transfer to provision for investment losses, Exhibit E	(148,268)	(124,094)
	6,037,672	4,820,005
Equity income, Note 2(a)(ii):		
Real estate – dividends and interest	534,529	455,657
Other dividends and interest	94,154	338,633
Partial unrealized appraisal adjustments, net, Note 2(a)(ii)	158,102	281,485
Amortization of realized gains (losses)	206,346	(18,338)
	993,131	1,057,437
Gross investment income	$7,030,803	$5,877,442
Less, investment related expenses, Note 10	68,428	23,187
Total investment income, Exhibit C	$6,962,375	$5,854,255

Schedule 4
The Municipal Employee Benefits Fund

Statement of Administrative Expenses

for the year ended December 31, 1989

	1989	1988
Salaries and fringe benefits	$199,487	$189,492
Professional fees	64,239	30,527
Bank and investments	225	2,095
Computer related costs	9,098	8,635
Furniture and fixtures	476	5,472
Medical examinations	6,866	5,807
Miscellaneous	7,859	6,545
Pension commission	5,000	5,000
Printing and stationery	9,654	14,260
Seminars and travelling	6,744	4,557
Telephone, postage and delivery	14,687	11,148
Total administrative expenses	$324,335	$283,538
Less:		
Investment related expenses, Note 10	(13,900)	(23,187)
Money Purchase Accounts Plan Recovery, Note 9	(295)	(327)
Long Term Disability Recovery, Note 11	(7,299)	–
Total administrative expenses, net, Exhibit C	$302,841	$260,024

The Municipal Employee Benefits Fund

Notes to the Financial Statements

for the year ended December 31, 1989

1. **Nature of the Organization**

The Municipal Employees Benefits Board was established under The Municipal Act in 1976 and is responsible for administering The Municipal Employee Benefits Fund. This Fund is the vehicle through which pension (regular and long term disability) and group insurance programs are delivered for municipal and quasi-municipal employees. These programs are provided for by regulation under The Municipal Act. Administering the Act involves collecting contributions, investing net revenue; monitoring investments; paying pensions on retirement; counselling; and providing seminars, annual benefit statements, and brochures to members of the plan. The administrative expenses incurred in delivering these programs are set out in Schedule 4.

2. **Significant Accounting Policies:**

The significant accounting policies are summarized below:

(a) The investment valuation and income measurement policies consist of:

(i) Fixed income investments:

Book value for the investments is cost plus or minus amortized premium or discount in excess of 1%.

Premiums and discounts of one percent or less of par value are reflected in income in the year of acquisition. All other premiums and discounts are amortized to income on a straight line basis over the term of the investment commencing with the year of acquisition.

Gains or losses on disposition before maturity are amortized to income on a straight line basis over the remaining term of the investment to a maximum of 20 years. The unamortized balances remain as part of the book value of the total investments.

Investment income is reduced annually by 1/4 of 1% of the book value of investments to a maximum of the provision not exceeding 3% of the book value of the investments and the amount of the reduction is credited to the provision for investment losses.

(ii) Equity investments:

Equity investments are recorded at cost.

One-fifth of any realized gains or losses is reflected in income in the year of disposition. The remaining four-fifths is reflected in the value of the investment assets and amortized to income in equal amounts over the next four years.

One-fifth of the difference between the adjusted book value and the established market value of equity investments as at the end of the fiscal year is reflected in income and the offset reflected as an unrealized appraisal adjustment.

(b) Provision for investment losses:

The provision for investment losses, shown in the Balance Sheet, does not reflect a valuation of the investments, but is maintained to stabilize and even out the investment income. Any impairment in the value of investments, if considered permanent by the Investment Committee, will be charged

against the provision.

(c) Refunds:

The Fund's policy is to reflect refunds of employees' contributions on the cash method of accounting.

(d) Computer equipment and programs:

Mini computer equipment costs are capitalized and amortized on a straight line basis over six years. Computer program development costs are amortized on a straight line basis over five years.

	1989		1988	
Computer Equipment	$22,816		$20,342	
Less Amortization	(11,470)		(7,665)	
		$11,346		$12,677
Computer Programs	13,839		221	
Less Amortization	(2,945)		(221)	
		10,894		–
Balance, end of year		$22,240		$12,677

(e) Fixed Assets:

Furniture and equipment purchases are charged to operations in the year of acquisition.

(f) Group Life Insurance:

The Fund has included contributions by employees and participating organizations in the month of December pertaining to coverage for January in its accounts. This is reflected in the financial statements as insurance contributions accrued and is offset by the insurance contributions account.

3. **Transfers from Prior Carriers:**

The Municipal Employees Benefits Board's actuary has been arranging, on behalf of the Board, for the transfer of funds pertaining to municipal employees prior service from prior carriers for employees who have agreed to have these funds transferred to the Fund. As at December 31, 1989, transfers have been made amounting to $3,844,277 (1988 – $3,536,273). As at December 31, 1989 experience rating refunds have been received amounting to $579,617 (1988 – $579,617). Transfers which have been vested are shown as employee contributions.

The funds transferred remain with prior carriers who are holding them in trust for the Fund in accordance with the terms of the contracts. These contracts provide that the Fund, with minor restrictions, can take complete control of the funds with the following exceptions: one contract reserves the right to limit withdrawals of funds to 25% in any one year and one contract provides for a penalty commencing at 5% and reducing progressively until eliminated by 1991. As a result of the transfers, the Board assumes responsibility for the related pension liabilities.

4. **Administrative Services:**

The Municipal Employees Benefits Board entered into an agreement with The Civil Service Superannuation Board to provide administrative services to The Municipal Employees Benefits Board with regard to its Pension Plan and Group Insurance Plan operations. In accordance with the terms of the agreement, The Municipal Employees Benefits Board reimburses The Civil Service Superannuation Board for the cost of these services. These costs amounted to $44,300 (1988 – $46,668) and are included in administrative expenses.

5. **Pension Indexing Adjustment Account:**

In accordance with amendments under Regulations to the Municipal Act, a pension indexing adjustment account was established on July 1, 1985 to finance cost-of-living adjustments. An initial transfer was made to this account from the reserve for present and future pension benefits in the amount of $2,376,200. Interest is credited semi-annually to the account at the average rate of return on fixed income investments during the three year period reviewed in the latest actuarial report on the financial position of the Pension Plan.

The cost-of-living program provides for cost-of-living adjustments to pension payments of 50% of the Consumer Price Index of Canada increase to a maximum of 5%, subject to the ability of the Pension Indexing Adjustment Account to finance the increase without creating an unfunded liability.

The annual actuarial valuation of the pension indexing adjustment account as at July 1, 1988, indicated that $3,142,780 was available to actuarially finance additional cost-of-living increases for pensioners. Effective January 1, 1989, the Board approved and paid the actuarially calculated pension adjustment for 1989 equal to:

a) .98% (1988 – .61%) of the total lifetime pension plus any previously granted adjustments in that allowance, and

b) 24¢ (1988 – 14¢) per month for each year of contributory service, to a maximum of 35 years,

for those employees who retired before July 1, 1987. Employees who retired after that date, but before December 31, 1987, were paid a pro-rata portion of the adjustment. Beneficiaries of deceased pensioners receive two-thirds of the adjustment that the pensioner would have been eligible for. The present value of the January 1, 1989 adjustment has been actuarially calculated to be equal to $138,400 as at July 1, 1988, leaving a balance of $3,004,380 available in the pension indexing adjustment account as at that date to provide for future indexing.

6. **Long Term Disability (LTD) Indexing Adjustment Account:**

During 1988 the Municipal Employees Benefits Board approved a cost-of-living program for LTD pension payments which is limited to the lesser of 50% of the increase in the Consumer Price Index or 5% subject to the ability of the LTD Indexing Adjustment Account to finance the increase without creating an unfunded liability. An initial transfer was made to this account from the reserve for present and future pension benefits in the amount of $911,200. Interest is credited semi-annually to the account at the average rate of return on fixed income investments during the period reviewed in each triennial actuarial report on the financial position of the Fund. Cost-of-living adjustments are charged to the account.

Commencing January 1988 and each January thereafter, cost-of-living LTD adjustment payments are calculated in accordance with the report prepared by the actuary and approved by the Board.

The annual actuarial valuation of the LTD indexing account as at January 1, 1989 indicated that $932,631 was available to actuarially finance additional cost-of-living increases. Effective January 1, 1989 the Board approved and paid the actuarially calculated LTD adjustment of 1.96% reflecting 50% of the increase in the Consumer Price Index.

7. **Actuarial Reports:**

The financial statements do not take into account actuarial valuations and therefore do not reflect the financial position of the Pension Fund on an actuarial valuation basis. In accordance with The Municipal Act, an actuarial valuation of the Pension Fund is required every three years. The most recent actuarial valuation report on the Pension Fund as at January 1, 1989 disclosed a surplus of $2,926,085 based on the service to date valuation method.

The actuarial valuation of the Insurance Fund as at January 1, 1986 disclosed a deficit of $1,086,951. The Actuary, in his report, stated that the existence of a deficit in the Insurance

Fund is due to the actual experience being less favorable than expected. He also stated that the deficit is decreasing in terms of a percentage of total liabilities and that the financial position of the Insurance Fund is expected to improve in the future based on a further improvement in claims experience and higher investment earnings.

8. **Insurance Fund Experience:**

(a) Prior to Termination:

The Prudential Assurance Company Limited, after the end of the policy year, determines whether a surplus or deficit has been incurred for the year in accordance with the terms of the policy. The policy of the Fund is to recognize this surplus or deficit in the financial statements only after a determination has been made. Interest is earned on a surplus and charged on a deficit from the end of the period for which the surplus or deficit is determined.

The surplus belonging to the Board at the end of December 31, 1988 policy year end retained by The Prudential Assurance Company Limited amounted to $140,560 (1987 – $133,074).

The Prudential Assurance Company Limited agrees to pay to the Board an experience refund in the amount by which the surplus exceeds 50% of the premium paid to Prudential during the policy year just completed. For the policy year ended December 31, 1988 an experience refund of $44,883 was received. The Board did not receive an experience refund for the policy year ended December 31, 1987.

(b) On Termination:

If this policy is terminated, the surplus or deficit will be determined in accordance with the terms of the policy on a final settlement date, after taking into account any surplus or deficit carried forward from prior years. A final surplus will be paid as a refund while a final deficit will be the responsibility of The Prudential Assurance Company Limited.

9. **Money Purchase Accounts Plan:**

A Money Purchase Accounts Plan was established effective July 1, 1985. Eligible individuals may transfer to the Plan an amount from either the Fund or pension plan of a prior employer to provide for an annuity or other settlement in the future. The Plan is administered and accounted for separately by the Board for which the Board is authorized to charge the Plan with an administration fee. The accumulated value of the participant's account, upon election of an annuity under the Plan, will be transferred to an annuity reserve as part of the reserve for present and future benefits of the Fund.

10. **Investment Related Expenses:**

Investment related expenses are summarized below:

	1989	1988
Direct	$54,528	$ –
Administrative	13,900	23,187
	68,428	23,187

The Board approved the classification of identifiable costs as direct expenses. Where direct allocation is not practical, expenses are allocated on a prorated basis as administrative expenses. Direct expenses for 1989 includes $20,000 for prior years.

11. **Reimbursement for prior plan disability pensions:**

In accordance with the terms of an agreement with the City of Brandon, the City reimburses the Municipal Employees Benefits Board for the cost of administering pensions for certain disabled City employees.

12. **Comparative Figures:**

Comparative figures for the year ended December 31, 1988 have been restated to conform with this year's presentation.